

KIPP INDIANAPOLIS

2011-2012 Performance Analysis

Core Question 2: Is the organization effective and well-run?

2.1. Is the school in sound fiscal health?	
STANDARD	The school presents significant concerns in no more than <u>one</u> of the following areas: a) its state financial audits (e.g., presence of “significant findings”); b) its financial staffing and systems; c) its success in achieving a balanced budget over the past three years; d) the adequacy of its projections of revenues and expenses for the next three years; e) its fulfillment of financial reporting requirements under Sections 10 and 17 of the charter agreement. In addition, if the school presents significant concerns in one area, it has a credible plan for addressing the concern that has been approved by the Mayor’s Office.

2011-12 Performance: Meets Standard

A) The School’s Financial Audits (e.g. presence of “significant findings”)

KIPP: Indianapolis College Preparatory (KIPP) received a clean audit opinion. Sikich, the school’s auditors stated, “In our opinion, the financial statements...present fairly, in all material respects, the financial position of KIPP Indianapolis College Preparatory as of June 30,2012..” The audit was free of both material weaknesses and significant deficiencies.

While there were no material weaknesses or significant deficiencies, the auditors did report some findings in the Supplemental Audit Report. The comments focused on the following areas: capital asset inventory, pre-numbered tickets, and ticket sales reports. A summary of the auditors’ comments as well as the school’s response to these comments can be found below.

- **Capital Asset Inventory:** The auditors explained that the school had two capital assets on the Capital Asset Ledger that were disposed of during 2011-12. Additionally, there was a capital asset that was never received but that was recorded on the school’s Capital Asset Ledger. The school explained that one of the assets was a bus that was purchased prior to the current Executive Director and current Director of Finance and Administration joined the staff. They were unaware that there was a second bus and that it was listed as an asset for the school. The second item was a server that was included in litigation between the school and ion360. Though a settlement was reached, it was less than the original amount requested in the complaint. Since that time, KIPP: Indy has purchased a new inventory system and is working to update its asset tracking.
- **Pre-numbered tickets and Ticket sales reports:** The auditors explained that they were unable to determine that receipts of funds matched ticket sales reports since neither pre-numbered tickets nor ticket sales reports were used during the school’s extracurricular events. The school indicates that they rectified this issue in February 2012 after they received the results of their State Board of Accounts audit. Due to the timing, however,

there were no events that required the use of tickets for the remainder of the 2011-12 school year. Pre-numbered tickets have been used for events during the 2012-13 school year, and the school has implemented the use of the ticket sales report.

Our office has no significant concerns at this time. This is due to the fact that the school had no material weaknesses or significant deficiencies and that there is a plan in place to rectify the two areas that the auditors mentioned for improvement. Will, however, continue to work closely with the schools to ensure that they are successfully implementing their improvement plans.

B) The School's Financial Staffing and Systems

The school has established adequate staffing and systems for managing its finances. The school's staff includes Brenda Albright, Director of Finance and Operations. The school also contracts with Bookkeeping Plus, Inc. for the preparation of financial statements. We have no concerns regarding the school's financial management systems at this time.

C) The School's Success in Achieving a Balanced Budget Over the Past Three Years

Though KIPP successfully achieved a balanced budget for FY '12, the school has not successfully maintained a balanced budget for each of the last three years. As a result, our office has some concerns. The school had a positive change in net assets of \$2,654,597 and an ending balance of \$2,348,108. For FY '11, the school's revenue in expense was \$157,470. FY '10 was challenging for the school. The school's revenue over expense was -\$53,333.37. This means the school overspent by more than \$53K.

While the school did not achieve a balanced budget for 2009-10, it is important to note that the school's current administration was not in place during that year. Since the current administration assumed control, the school has maintained its budget.

Though the school did not meet this standard, the trajectory of the school's finances is promising. We will continue to work closely with the school as they strive to adhere to their budget.

D) The Adequacy of the School's Projections of Revenues for the Next Three Years

The school has provided budget projections for the next three years of operations. The projected changes in net assets as well as the anticipated ending balances are indicated below.

Year	Change in Net Assets	Ending Balance
FY' 13	\$134,821	\$2,482,929
FY' 14	\$509,315	\$2,992,244
FY' 15	\$329,478	\$3,321,722

Our office does not have significant concerns about the school's projections at this time. The projections were prepared with the organizations long-term plan in mind and took in account expected losses in revenue as grants such as I3 and TAP are scheduled to expire in FY '15. Much of the school's change in net assets for FY '13 was driven by higher than expected donations and contributions from both foundations and individuals. The school attributes this increase to the overall improvement in its academic programs. While the school is committed to maintaining high standards, they have budgeted conservatively in terms of what they expect to receive in donations and contributions in the out years.

Nevertheless, we will continue to work closely with the school to ensure they are on track to meet their fiscal goals.

E) The School's Fulfillment of Financial Reporting Requirements under Sections 10 and 17 of the Charter Agreement

The school has fulfilled financial reporting requirements under Sections 10 and 17 of the charter agreement.

2.2. Are the school's student enrollment, attendance, and retention rates strong?	
STANDARD	The school is consistently fully enrolled. Student attendance and retention rates are generally at or above the school's agreed-upon target rates.

2011-12 Performance: Approaching Standard

KIPP Indianapolis did not meet enrollment targets set for 2011-12. The following chart displays the school's target enrollment compared with its official fall enrollment, as reported by the IDOE.

Year	Target Enrollment	Fall Enrollment	Percent Below
2011-12	290	283	2.4%

Source: Official fall enrollment figures from the IDOE. Target enrollment is the maximum capacity from the school's charter agreement with the Mayor's Office, submitted by the school.

The 2011-12 attendance rate at KIPP was below the average of both the county and the state.

	KIPP	MC	IN
2011-12 Attendance rate	94.46%	96.06%	96.1%

No targets have been established for student retention rates for KIPP.

Based on the 2011-12 performance, KIPP is approaching the Mayor's Office standard for this indicator because they were slightly below their enrollment target and had an attendance rate below that of the county and the state.

2.3. Is the school's Board active and competent in its oversight?	
STANDARD	The Board's membership collectively contributes a broad skill set and fair representation of the community; Board members are knowledgeable about the school; roles and responsibilities of the Board are clearly delineated; Board meetings reflect thoughtful discussion and progress in the consideration of issues; overall, the Board provides consistent and competent stewardship of the school.

2011-12 Performance: **Meets Standard**

In 2011-12, the board of directors at KIPP Indianapolis is experienced and provides competent oversight of the school. There is a range of expertise on the Board; members are knowledgeable about the school, its policies, and issues of concern. The roles and responsibilities of the Board and its members are clearly defined.

The Mayor's Office regularly attends board meetings and has noted the increased levels of engagement and commitment from the members. The board has become increasingly more active in school operations and communication with staff and parents. The board developed a subcommittee structure that has allowed members to oversee each critical area of operation. The board also consistently has achieved quorum, meeting minutes are accurate and transparent, and the KIPP board regularly conducts evaluations of the school leadership against established academic, financial, and operational goals via school leader meetings. The KIPP board will want to continue to improve in the thoroughness of their board minutes. Based on the performance demonstrated in the 2011-12 academic year, the KIPP Indianapolis board meets the Mayor's Office standard for this indicator

2.4. Is there a high level of parent satisfaction with the school?	
STANDARD	More than 80% but less than 90% of parents surveyed indicate that they are satisfied overall with the school.

2011-12 Performance: **Meets Standard**

In the spring of each year, researchers administer anonymous surveys to parents of students enrolled at Mayor-sponsored charter schools. In 2011-12, 84% of KIPP parents reported overall satisfaction with the school. According to the data, the school meets the Mayor's Office standard for performance for this indicator for the 2011-12 academic year.

2.5. Is the school administration strong in its academic and organizational leadership?	
STANDARD	The school's leadership a) has sufficient academic and/or business expertise; b) has been sufficiently stable over time; c) has clearly defined roles and responsibilities among leaders and between leaders and the Board; d) actively engages in a process of continuous improvement which has led to some mid-course corrections.

2011-12 Performance: Meets Standard

Both of the school's administrators are Teach For America (TFA) alum and are committed to the long term success of the school despite previous challenges with leadership and staff turnover. Administration exhibited sufficient academic and leadership expertise and has demonstrated continuous improvement. Roles and responsibilities the school principals appear to be clearly defined and understood by all stakeholders. The administrators work closely with the Board to drive school performance. Therefore, for 2011-12, leadership at the school meets the Mayor's Office standard for this indicator.

2.6. Is the school meeting its school-specific organizational and management performance goals?	
Meets standard	School has clearly met its school-specific organizational goal.

Not Evaluated. KIPP Indianapolis did not have school-specific organizational and management performance goals to be evaluated for 2011-12.